DESIGN SENSE®

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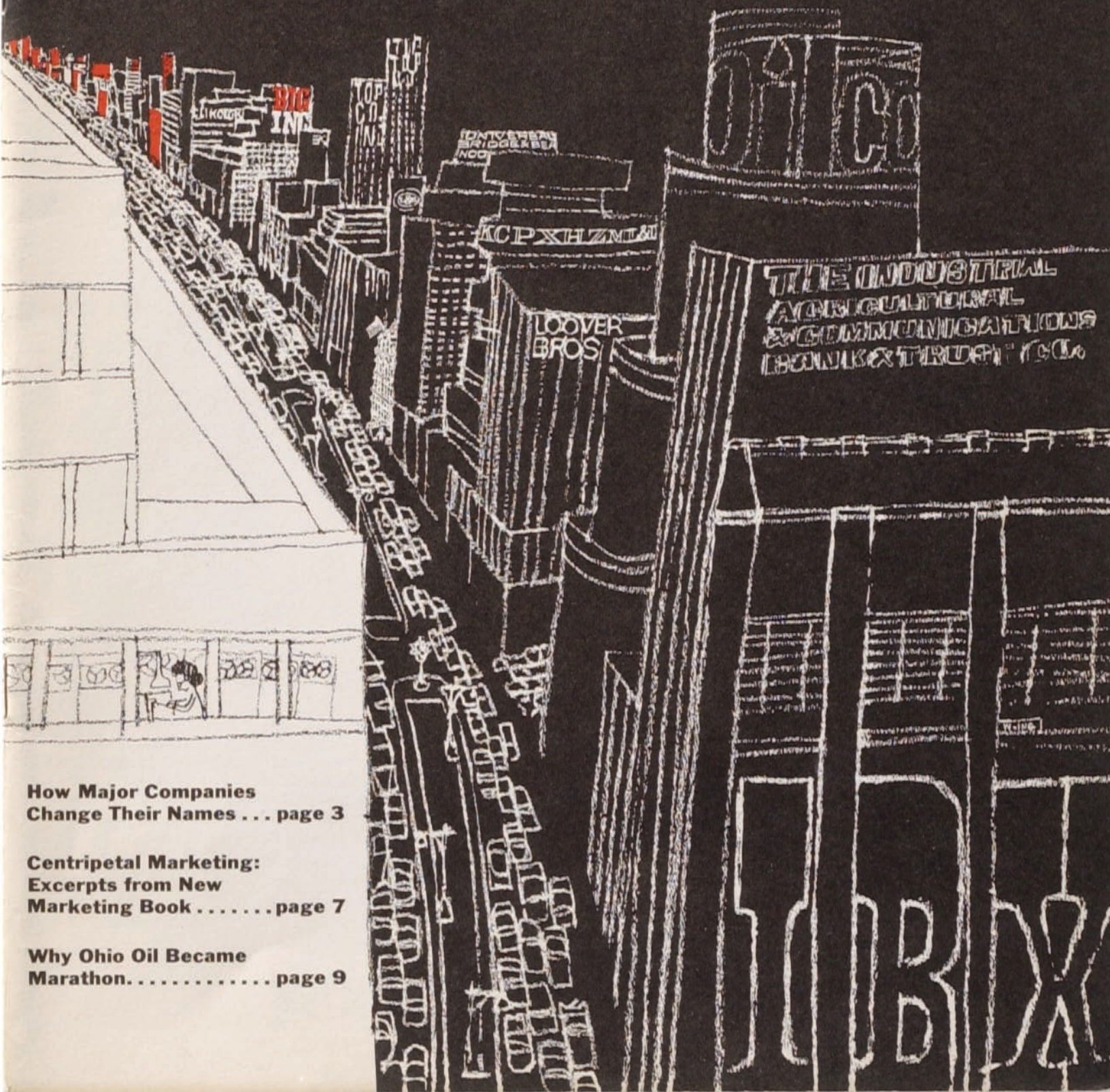


How Major Companies Change Their Names . . . page 3

Centripetal Marketing: Excerpts from New Marketing Book . . . . . page 7

Why Ohio Oil Became Marathon. . . . . page 9

On the avenue of business success, the corporate name is the first, and often prime contact between the corporation and all the people who affect its ultimate profits. Therefore, whether this name is fabricated, condensed to initials, or a long signature based on products or services, it should project accurately the corporation's scope and operation

DESIGN SENSE 26

CORPORATE NAME CHANGES: HOW AND WHY?
An analysis and classification study of the trends in the late Fifties, early Sixties among corporations listed on New York's Stock Exchange 3

CENTRIPETAL MARKETING
Ted Levitt, Harvard faculty and L&M plans board member, takes a critical look at U.S. marketing in this excerpt from his forthcoming book 7

WHY OHIO OIL BECAME MARATHON
The case history of a major oil company's break with its restrictive image, and its program for developing a new name, look and identity 9

COMING: NEW FTC PACKAGING RULES
What will the new package and labeling rules of the Federal Trade Commission mean to the package goods industry? An industry round-up, appraisal

THE CORPORATE NAME MAZE

Some of the nation's biggest corporations have realized lately that they have outgrown their old name. But only a handful have gone about their choice of a new name in a systematic, scientific way to make sure that their new name suits them today and also tomorrow.

The upshot of this gambler's approach to corporate names:

- So far, five major corporations listed on the Big Board have changed their name two times over a six-year period.
- The Big Board is filled with "U.S.'s", "Americans", state and regional names, reflecting continuing regional constrictions of old corporate names.
- A veritable alphabet soup of initials inundates the Exchange as companies seek to imitate the success of an IBM and GE.

To peg the trends and flag the pitfalls in this new corporate name-change merry-go-'round, we have analyzed some recent name changes by corporations listed on the New York Stock Exchange (see story on page 3).

CLEARER STATEMENT OF OPERATION

BIGELOW-SANFORD CARPET COMPANY, INC. TO BIGELOW-SANFORD, INC.

CANADA DRY GINGER ALE, INCORPORATED TO CANADA DRY CORPORATION

CHECKER CAB MANUFACTURING CORPORATION TO CHECKER MOTORS CORPORATION

NATIONAL MALLEABLE AND STEEL CASTINGS COMPANY TO NATIONAL CASTINGS COMPANY

SUNDSTRAND MACHINE TOOL COMPANY TO SUNDSTRAND CORPORATION

FABRICATED NAMES

AMERICAN MOLASSES COMPANY TO SUCREST CORPORATION

CHICAGO, INDIANAPOLIS, & LOUISVILLE RAILWAY COMPANY TO MONON RAILROAD

THE DAYTON RUBBER COMPANY TO DAYCO CORPORATION

NATIONAL CYLINDER GAS COMPANY TO CHEMETRON CORPORATION

THE SPARKS-WITHINGTON CO. TO SPARTON CORPORATION

INITIALS

ALASKA JUNEAU GOLD MINING COMPANY TO A. J. INDUSTRIES, INC.

FOOD MACHINERY AND CHEMICAL CORPORATION TO FMC CORPORATION

THE MINNEAPOLIS & ST. LOUIS RAILWAY COMPANY TO MSL INDUSTRIES, INC.

NATIONAL AUTOMOTIVE FIBRES, INC. TO NAFI CORPORATION

The listing of typical name changes (see opposite page) of companies listed on the New York Stock Exchange reflects the popularity of three types of changes: clearer statement of operations, fabricated name, initials

CORPORATE NAME CHANGING: HOW AND WHY

One out of every 10 companies listed on the Big Board has changed its corporate name within the last six years.

As more and more companies drop their name in favor of a new one, corporate management may be asking:

- What has prompted some of this country's industrial leaders to switch names with the apparent insouciance of a Hollywood starlet?
- Can an old name really be as confining to a corporation's career as the given name, Larushka Skikne, might have been to Laurence Harvey's?
- What are the advantages of one type of name change over another, and are these changes subject to corporate fashions?

To answer these questions and define the current name trends, Lippincott & Margulies, Inc. has conducted an analysis and classification study of all corporate name changes between 1956 and 1961 among companies listed on the New York Stock Exchange, based on data provided by the Exchange's Research Section. (For examples of three name categories enjoying current popularity, see list on page 2.)

During this six-year period, 133 companies have revised their corporate listing on the Big Board. This means an average of more than 20 name changes in each calendar year. Indeed corporate fickleness about names is further underscored by five of these major corporations which engaged in two name changes each during this period—an uneconomic move at best, when one takes into account the diffusion of a company's communications through frequent change.

Take these examples as extreme illustrations of the recent corporate name merry-go-'round:

In 1957, the Diamond Match Company changed its listing to Diamond Gardner Corporation. A brief two years later, the company asked to be known as the Diamond National Corporation.

Magic Chef, Inc. made a more gradual transition to its current name. In 1957, it used the composite, Magic Chef-Food Giant Markets, Inc., because of its merger. During the next year, it completed its transition to Food Giant Markets, Inc.

However, frequency of change is not the key culprit in the corporate name problem. And, as a matter of fact, there can rarely be any quarrel with the marketing needs which prompt the change.

A glimpse at the variety of name changes and the categories of names chosen gives an indication of the problem which various corporations sought to resolve through this change. Here then are the highlights of L&M's name change analysis:

- The most frequent type of change (46 corporations) was an attempt to find *a clearer statement of the corporate area of operation*. The companies that made this type of change generally tried to broaden the implied range of products and services offered, reflecting awareness that a narrow descriptive name could be a serious deterrent to sales.

More than 30 companies tried to achieve this aim by merely removing a restrictive element in their corporate name. For instance, Georgia-Pacific Plywood Company dropped "plywood" in 1956 and became the Georgia-Pacific Corporation. In 1957, United Cigar Whelan Stores Corporation became United Whelan Corporation. Lehigh Valley Coal became Lehigh Valley Industries, Inc. in 1958. In 1959, Northrop Aircraft became Northrop Corporation, in a move later paralleled

TODAY'S BIG BUSINESS OF CORPORATE NAME CHANGING

Category of Change 1956 to 1961	Companies Changing Names	Approximate Price per Share*	Total Assets (in millions)**	Number of Shares (in milions)***
TOTAL	133 companies	$3,600	$10 billion	710 million shares
Clearer Statement	46	1,400	4,500	315
Entirely New Name	29	700	1,250	95
Contractions	20	400	1,750	176
Initials	7	150	250	13
Addition of Name	7	190	420	18
Removal of Name	6	170	800	32
Multiple Changes	5	100	300	13
Removal of Geographic	4	130	380	29
Substitution of Names	4	170	230	10
Miscellaneous	5	190	120	9

*It would cost some $3600 to buy one share of common stock in all companies which changed names
**These firms have total assets of 10 billion dollars
***These name changes affected three-fourths of a billion shares of common stock

by the now Bendix and Boeing Corporations. Pacific American corporation was known as Pacific American Fisheries, Inc. until 1961.

Another seven companies sought broader implications in their name by substituting a new element for the restrictive old one. Thus Atlas Powder Corporation made a broadening name change to its present Atlas Chemical Industries, Inc. in 1961.

Six other firms simply added another and broader term to their existing name like Rexall Drug Company did in 1959 when it became Rexall Drug & Chemical Company, Inc.

• The second most popular category of name changes, tried by 29 firms, was *the adoption of a completely new corporate name,* some reflecting inevitably a merger, others merely seeking a more familiar or impressive nomenclature. Thus Nehi Corporation adopted the name of its most popular product and became Royal Crown Cola Company in 1959.

• However the most picturesque aspect of name changing is illustrated by the *20 companies which chose fabricated or contracted new names:* General Shoe Corporation went to Genesco, Inc. in 1959, and Standard Railway Equipment Manufacturing Company became Stanray Corporation in 1960.

The use of fabricated names offers exciting potentials of uniqueness, and memorability. Obviously, both Stanray and Genesco, for instance, are easier to recall and less limiting in their implications than these companies' previous names.

• *Seven companies went to initials* during the past six years. The use of initials, however, presents many communications problems. For one thing, the company must impart meaning to these initials starting at the early stages of introduction, or else the name change will have defeated its purpose. But the expenditure now required to develop

another IBM or GE may discourage companies from taking this path, unless the initials have some additional meaning or plus.

The Food Machinery and Chemical Corporation became FMC Corporation in 1961, but it had advertised and promoted these initials together with the full corporate name since 1929.

• A more obvious approach to name changes, used by four companies, is *the elimination of geographic restrictions.* Thus Union Electric Co. of Missouri became Union Electric Co. in 1956; and Pittsburgh Screw & Bolt Corporation, became Screw & Bolt Corporation of America in 1959.

It is apparent that a geographic restrictiveness can be as great a liability as a limiting product implication. Certainly, in the face of expanding markets, nationally and internationally, a parochial name does not offer an advantageous sales platform.

However, despite this problem, there are still a large number of major firms known by the state or region in which they originally operated. A close second are the many "American's" and "U.S."-designated firms, whose operations have long since expanded beyond the national boundaries.

Since major U.S. corporations spend vast advertising, promotion and public relations budgets to make their name known to the many people who affect their profit-and-loss statements, what prompted 133 companies listed on the New York Stock Exchange to change the name they had previously built up with millions of dollars in promotion support?

The answers to this question vary depending upon the specific corporate problems and type of name change. Basically, however, the reason is the growing realization in top corporate management that the corporate name — for better or worse — conveys a certain picture of the corporation's nature, size, scope and activities.

When that name indicates a narrower area of activity or a misleading impression of operations from the ones in which the company actually engages, it can be a serious stumbling block in the sales effort and a communications cog between the corporation and the many communities upon which its success depends.

Some recent examples of name changes by corporations on the New York Stock Exchange illustrate the problem of dated nomenclatures and the corporate reasoning behind the changes:

The giant Union Carbide and Carbon Corporation is a case in point. In 1957, the board of directors sat around the boardroom conference table in their building on Manhattan's Madison Avenue and took stock of the vast complex of industrial and consumer operations that comprised the then Union Carbide and Carbon Corporation.

These operations extended into such fields as chemicals, metals, plastics, industrial gases and rocket fuels, nuclear isotopes, carbon products, and consumer products, as well as research and international activities.

The directors were plagued by such corporate signatures as the Carbide and Carbon Chemicals Company, a Division of the Union Carbide and Carbon Corporation.

It was both a mouthful and a pageful. It was hard to remember. It took up too much space in ads and in exhibits. Most of all, it did not reflect the true nature of the corporation's product list. The general public had only a dim notion who the Union Carbide and Carbon Corporation was, although a few may have noticed it at the service station when winterizing their cars with Prestone Antifreeze, or loading an Eveready battery into their flashlight. But not many.

Carl H. Hageman, Vice President of Union Carbide, states: "Our shorter name has greater impact and memorability."

Furthermore, the directors knew that most of their customers in the industrial area referred to them in speech and correspondence as "Union Carbide." Stock and investment brokers did likewise.

At this point, discussions began with Lippincott & Margulies, Inc. Union Carbide, considering all the factors, decided to shorten the corporate name to its present form: Union Carbide Corporation. And, L&M set out to improve the trademark of the company, making it more legible and arresting.

More importantly, L&M laid out a new form of designation for the entire corporate structure. Because of the large size of Union Carbide divisions and their historical autonomy of operation, these changes were somewhat less extensive for the U.S. corporate setup than for its Canadian counterpart, where tradition was not so strong.

In this case, at any rate, the changing of the corporate name was certainly not as simple as the changing of the guard at Buckingham Palace. It involved a series of actions that are even now, five years later, still in progress.

Take the problem of changing the corporate name in all legal aspects, for instance. This meant changing in the original articles of incorporation, in labor and other contracts, in Bureau of Internal Revenue records, in operations with other government agencies.

It meant changing order forms, bank checks, calling cards, stationery, plant signs, truck and railroad car designations, and a host of other changes.

As a top corporate executive of Union Carbide told DESIGN SENSE: "We had to send policy letters to field offices, branches, subsidiaries, distributors, dealers and employees. Stockholders and suppliers had to be notified. We sent news releases to the press. Even telephone directory designations had to be changed. You can imagine that a corporate name change can't be taken casually. We were literally up to our necks in name change details."

With the help of Lippincott & Margulies, Union Carbide also prepared a "Corporate Identity Manual", which illustrated and explained the changes in corporate name, and how its use was to be implemented in advertising, correspondence, and all other forms of visual reproduction.

Then came the proof of the pudding. In 1957, Union Carbide commissioned several names research studies, concluded in 1962. These studies showed that in the five years since adoption of the new corporate name and symbol, general public knowledge of Union Carbide had increased 49%.

It is important to remember that the operations of a company with over $1.5 billion in sales in 1961, are understandably vast. Thus the transition to the new name and image has been gradual, and is still continuing.

Was is worth all the time, effort and money to effect this name change?

Vice President Carl H. Hageman, a veteran of 28 years with Union Carbide, told DESIGN SENSE that while it was not anticipated that the growth of all the company's divisions in the past five years should be attributed to a single factor, "the name change has had overall a thoroughly salutary effect."

Carl Hageman said: "Our shorter name has greater impact, is more easily retained, and, incorporated into the Union Carbide hexagon symbol, creates a stronger image in the minds of customers, stockholders, suppliers, and the general public. The new name, included in the names of a number of our divisions, makes possible a closer identification of our divisions with the corporation, helping materially in achieving the long-range growth and profit objectives of the corporation."

L&M criteria for effective "new name" search include: research, marketing, legal counsel, writing and design

thing about itself to the customer. Yet it is essential to recognize that every company faces stiff competition from companies far outside its own industry. Everybody is your competitor in some way because thousands of different companies are trying daily to tell your prospective customer something about themselves, trying to get him to buy their particular goods or services. Everybody competes for his attention, his patronage, his scarce money.

In order to outdo the thousands of competitive communications that assault the customer daily, each of your many messages must be self-reinforcing and centripetal, not fragmenting and centrifugal.

This has been proved by eminent psychologists in clinical investigations and by studies of the relative effectiveness of centrifugal versus centripetal business communication.

As the result there has been a growing interest in recent years in the field of "corporate identity." This is the effort to make every communication of a business firm give an identical, carefully predetermined impression of the company and its products. Popularly this is referred to as projecting the desired "company image." In its vastness this idea results in carefully planning the nature and technique of every way in which the firm communicates to the public—packages; product design; store, factory, office, waiting-room, and warehouse design; product and brand name selection; letterhead, logo, and calling-card design; advertising; point-of-purchase materials; public relations activities; marketing, strategy, tactics.

All this is now widely considered an important part of the total strategy of getting and keeping customers—of getting more sales bang from the buck in the increasingly more competitive marketplace.

The concept or philosophy underlying "corporate identity" says, in effect, that the business firm must present a face of consistent and organic wholeness to the public that it addresses. Otherwise it dilutes its effectiveness. As the result it must treat all its communications, including the design of every package, office front, letterhead, product, advertisement, and so forth, as a single integrated effort. It must treat the product, package design, advertising, marketing, and all the supporting consumer research not as separate or separable categories but as an integrated organic whole.

No meat-packer would be so resolutely self-assured that he would not first try to find out which of several different kinds of sausage the customer prefers before plunging into the production of a new line of sausages. Yet the same meat-packer will often put this well-researched sausage into almost any kind of package, so long as it meets his particular personal standard of what looks right. He will do almost any kind of advertising. He will do almost any kind of point-of-sale promotion. And he will do all these things differently, in large part because he does not see properly the connection between each.

But suppose his competitors have sought out experienced experts to design their sausage package, and the experts themselves have had the advice of experienced consumer researchers —both in helping them to decide in the first place what major sales-building features should characterize the package and later in helping them decide which of several alternative packages with these features the customer would be most likely to buy.

But before putting pencil to paper, suppose the competitor's designer will also consult with marketing experts. The latter will in the meanwhile have studied the product, the special retail conditions under which it is to be sold, the attitudes and problems of the trade, the typical advertising and promotions which competitors use to support the product, the way in which it is prepared and used in the home, and the way in which consumer decisions are made regarding buying the product—that is, for example is it a planned purchase or an impulse purchase?

In the end the competitive meat-packer will have paid more to get his "package" design than our hero who did it himself, but there are two important offsetting differences:

1. The "package" our competitor got was not simply a package within which the sausage was to be wrapped. He will have gotten a "total marketing package," which, in effect, helped design the entire product program.

2. The "total marketing package" he got would probably more than pay for itself in extra sales during the first six months after the product was launched. After that, the professionally designed package would be like a perpetual-motion machine, constantly turning out incremental revenue without any further cost.

WHY OHIO OIL CHANGED CORPORATE NAME

This month, when J. C. Donnell II, president of The Ohio Oil Company, addressed the company's 75th annual shareholder meeting, he presented a comprehensive program including a change in corporate name to the Marathon Oil Company.

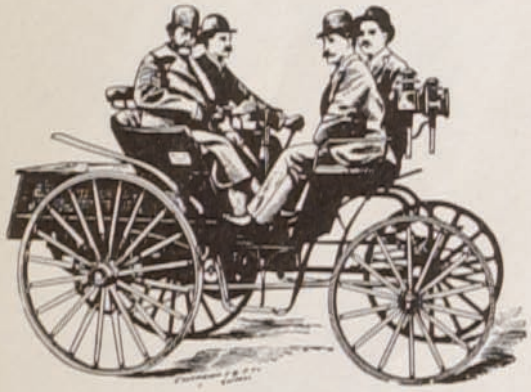
This L&M corporate identity, station and package design program, culminating a two-year research and creative project, was developed in answer to problems Ohio faced resulting from changing industry marketing patterns and the company's own growth and expansion.

Why did this major oil company undertake such a corporate name change? And what corporate reasoning, research and marketing decisions form the foundation for such a name change program?

Here's how Grant H. Young, Marathon vice president in charge of marketing, explains the corporate identity problem that had faced The Ohio Oil Company in the late Fifties:

"When the company was first organized in 1887 as an independent crude oil producer in northwestern Ohio, its name was certainly descriptive of its activities. Today, The Ohio Oil Company is a fully integrated operation with production, refining, transportation and marketing interests in 20 states including Alaska, as well as extensive foreign operations. In the late Fifties, we also bought Aurora Gasoline Company, which markets Speedway gas and oil products and operates some 700 service stations in Michigan.

Ohio Oil Company's old gas station signage included the Speedway 79 symbol and the old Greek Marathon runner



"By that time, we had become well aware that our Ohio name no longer fitted us. We needed a whole new look to reflect our vastly expanded activities both in the United States and abroad."

With future expansion plans in mind, Ohio management took its identity and marketing problem to Lippincott & Margulies, Inc. for the firm's marketing, research and design counsel.

L&M undertook the project, starting with its analysis of the oil industry problems which affected Ohio:

- Overcapacity had caused most oil companies to become more marketing-oriented throughout the Fifties.
- Major oil companies were then as now invading new marketing areas, and Ohio had become a prime target.
- The rate of growth for gasoline consumption was decreasing, and consumer attitudes and buying habits were beginning to change.

Preliminary L&M research indicated that The Ohio Oil Company's varying publics considered Ohio Oil as a reliable and friendly company. But the probing also revealed that people were unaware of the firm's scope, scientific methods, research and development activities and skills.

L&M therefore began a comprehensive, tri-partite image study for Ohio in March 1960, surveying motorists, oil land lessors and the financial community, including Ohio shareholders.

A key finding in this research project was the degree of diffusion of Ohio's communications through the firm's use of too many names. As a corporation it was known as The Ohio Oil Company. However, brand and station identification was under the Marathon and Speedway names. These varying names only competed with each other and confused the corporation's many buying and investing publics.

The three studies, among motorists, shareholders and oil land lessors, comprising over 700 interviews, had provided important guidelines for L&M's name search program. The conclusions:

1. *Ohio Oil Company, as the parent name, had several limitations.* Contrary to the regional impression made by this name, The Ohio Oil Company is actually a major oil company with considerable international interests in Guatemala, Tunisia, Libya, Somaliland, Canada and Alaska.

Although this growth had been further implemented by acquisition of the Aurora Gasoline Company which sells Speedway brands in the highly concentrated Detroit area, few people made the link between Ohio and Speedway.

2. *The Marathon name was recognized and respected, with many equities in the market place.* However, with the exception of Marathon credit card holders, few respondents linked Marathon with Ohio Oil.

Nearly 3,000 stations in several states operated under the Marathon name, as contrasted with some 700 Speedway stations in and around Detroit.

3. *Speedway, as a name, connoted power, but lacked the size and stature equities necessary for a major oil company.* And the "79" part of the Speedway name, although remembered by respondents in free association interviews, projected no meaning.

Because of its multiple equities Marathon was an obvious contender for the new corporate name from the start. But, in order to exhaust all possibilities and prove out the ultimate choice, L&M considered, tested and researched many hundreds of alternate names. Of these, 29 were finally screened for legal availability, and six were cleared.

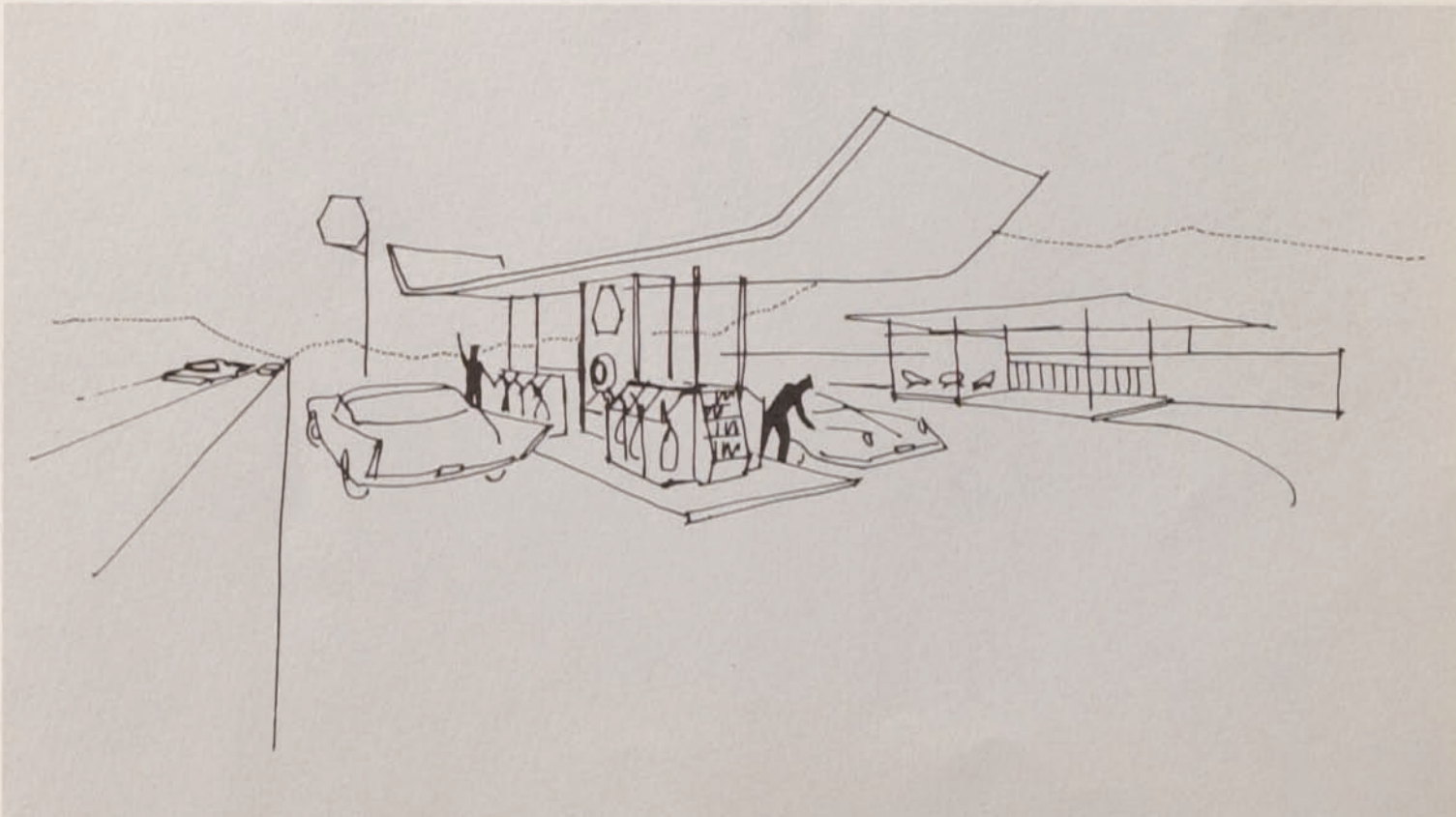
Since none of these names, however,

excelled over Marathon's researched equities, and since the Marathon name had already benefitted from heavily budgeted promotions and advertising over the years, L&M recommended the use of the Marathon name as a corporate signature as well as the single brand name to be used in all markets.

Upon acceptance of this recommendation, the next steps in this name change program were L&M's explorations of new graphics for station signage and for the integrated application of the new brandmark.

Research had revealed that Marathon's earlier image had been hindered by use of the symbol of Phidippides, the Greek Marathon runner, in station signage. This symbol failed to convey the desirable impression of power, modernity and progressiveness. It was hindered by the design detail of the runner, which made it difficult to see, distinguish and recognize the symbol at any distance. Also, the symbol suffered

Marathon Oil Company's new station signage, the big red "M" in a stylized hexagon, uniformly identifies all the gasoline stations operated by the company, with a modern sign that combines visibility, impact and recognition with an implicit projection of a progressive gasoline station operation. The well-known brand name became the new corporate name



Old product packaging featured different and conflicting product names, labels and designs. New packaging unifies all products under the Marathon name, with a uniform approach to package design, featuring the new corporate name as an umbrella identification over all products

from the all too human representation of an individual which, in this machine age, failed as an image of power and strength.

In order to give Ohio's station signage and packaging a major oil company look, L&M provided its designers with a marketing analysis:

1. Competition for higher traffic station locations was increasing.

2. Increased competition had caused weakening of gasoline prices.

3. Cut-rate dealers were growing. And the so-called independents were growing to be more like the major oil companies.

4. Consumer attitudes and buying habits were changing in response to the competition.

Searching for maximum visual impact on crowded streets and highways, L&M designers developed several alternate designs. The result:

A big red "M" centered in a distinctive, stylized hexagon shape. The new mark has a blue outline on a white background to make the big red "M" stand out. The full Marathon name appears in blue under the high "M".

In Spring 1962, Marathon puts its full name change program into effect. The program, now completed, included:

- The marketing decision to adopt the product name, Marathon, as the corporate name.
- The decision to market all gasoline under the Marathon brand name, including the present Speedway 79.
- The adoption of the new brandmark — the big red "M" in the stylized hexagon.
- The integration of the new big "M" brandmark into all of the company's visual communications from letterheads and promotional material, to advertising, gas station signs and packaging of all Marathon oil products.

If you have missed any of these issues of design sense, please write us with your request for past copies:

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DESIGN SENSE 18 – Design for World Markets

DESIGN SENSE 19 – Design for Systems Marketing

DESIGN SENSE 20 – A New Approach to Product Planning

DESIGN SENSE 22 – Advertising and Total Marketing

DESIGN SENSE 23 – The Marketing Concept Package

DESIGN SENSE 24 – The Name's the Thing

DESIGN SENSE 25 – Communication Pitfalls of Mergers
Launching a New Nescafé Package

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